

112TH CONGRESS  
2D SESSION

# H. R. 5886

To amend the Internal Revenue Code of 1986 to improve the dependent care credit by repealing the phasedown of the credit percentage and making permanent the increased dollar limitations.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 1, 2012

Mr. ISRAEL (for himself and Mr. RYAN of Ohio) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to improve the dependent care credit by repealing the phasedown of the credit percentage and making permanent the increased dollar limitations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; FINDINGS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Middle Class Dependent Care Fairness Act of 2012”.

6       (b) FINDINGS.—Congress finds the following:

7           (1) During the past few decades we have seen  
8       a greater need for childcare which means a greater

1 cost for middle-class families. These child care costs  
2 can be a major burden for modern families.

3 (2) In 2011, 44 percent of all American fami-  
4 lies included children under the age of 18. Fifty-  
5 eight and one-half percent of married couples with  
6 children both worked in 2011. The labor force par-  
7 ticipation rate of mothers with children under the  
8 age of 6 was 63.9 percent in 2011 compared with  
9 39 percent in 1975.

10 (3) Nationwide, on any given day, 4.6 million  
11 children under the age of 5 are in child care outside  
12 the home.

13 (4) On average, families with children under the  
14 age of 5 spent \$171 a week on child care in 2010.  
15 That's \$8,892 a year.

16 **SEC. 2. DEPENDENT CARE CREDIT IMPROVEMENTS.**

17 (a) REPEAL OF PHASEDOWN OF CREDIT PERCENT-  
18 AGE.—Subsection (a) of section 21 of the Internal Rev-  
19 enue Code of 1986 is amended to read as follows:

20 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
21 dividual for which there are 1 or more qualifying individ-  
22 uals (as defined in subsection (b)(1)) with respect to such  
23 individual, there shall be allowed as a credit against the  
24 tax imposed by this chapter for the taxable year an  
25 amount equal to 35 percent of the employment-related ex-

1   penses (as defined in subsection (b)(2)) paid by such indi-  
2   vidual during the taxable year.”.

3                 (b) INCREASED DOLLAR LIMITATIONS MADE PERMA-  
4   NENT.—Title IX of the Economic Growth and Tax Relief  
5   Reconciliation Act of 2001 shall not apply to the amend-  
6   ments made by section 204 of such Act.

7                 (c) EFFECTIVE DATE.—The amendment made by  
8   this section shall apply to taxable years beginning after  
9   the date of the enactment of this Act.

